



State of Wisconsin
2013 - 2014 LEGISLATURE

January 2014 Special Session



LRB-4066/en
SRM:cjs:...

SENATE BILL 1

1 **AN ACT** *to repeal* 38.16 (3) (b); *to renumber* 71.05 (8) (b), 71.10 (4) (cr), 71.10
2 (4) (dr) and 71.10 (4) (er); *to amend* 38.16 (title), 38.16 (3) (a) 2., 38.16 (3) (be),
3 38.16 (3) (bg) 2., 38.16 (3) (br) 1., 38.16 (3) (br) 2., 38.16 (3) (c) (intro.), 38.16 (3)
4 (c) 1., 38.16 (3) (c) 3., 38.16 (3) (c) 4., 38.16 (3) (d), 71.05 (6) (b) 47. am., 71.05 (6)
5 (b) 47. b., 71.05 (6) (b) 47. c., 71.06 (1q) (a), 71.06 (2) (i) 1., 71.06 (2) (j) 1., 71.07
6 (4k) (b) 1., 71.07 (5m) (a) 4., 71.07 (5n) (b) (intro.), 71.07 (9r) (a), 71.08 (1) (intro.),
7 71.08 (1) (intro.), 71.26 (4) (a), 71.28 (9s) (d) 3., 71.45 (4) (a), 71.47 (9s) (d) 3.,
8 71.52 (6), 71.98 (3), 77.54 (61) (intro.), (a) and (b) and 238.16 (3) (intro.); **to**
9 **create** 20.292 (1) (dp), 38.16 (3) (a) 1m., 38.16 (3) (a) 2w., 38.16 (4), 71.05 (6) (b)
10 47. dm., 71.05 (8) (b) 2., 71.05 (8) (c), 71.07 (5i) (c) 3., 71.28 (5i) (c) 3., 71.47 (5i)
11 (c) 3. and 77.54 (61) (c) of the statutes; and **to affect** 2013 Wisconsin Act 20,
12 section 9252 (1) (a) (intro.); **relating to:** reducing the lowest individual income
13 tax rate; providing technical college property tax relief aid; establishing a
14 technical college district revenue limit; the carry-back of net operating losses;

1 the sales and use tax exemption for commercial printing; the jobs tax credit; the
2 electronic medical records credit; the manufacturing and agriculture credit; the
3 research credit; the state historic rehabilitation credit; the relocated business
4 credit; and making an appropriation.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 20.292 (1) (dp) of the statutes is created to read:

6 20.292 (1) (dp) *Property tax relief aid.* A sum sufficient equal to the amount
7 necessary to distribute the property tax relief aid to technical college districts under
8 s. 38.16 (4).

9 **SECTION 2.** 38.16 (title) of the statutes is amended to read:

10 **38.16 (title) District tax levy; revenue limit; property tax relief aid.**

11 **SECTION 3.** 38.16 (3) (a) 1m. of the statutes is created to read:

12 38.16 (3) (a) 1m. “Equalized value” excludes the value of tax incremental
13 districts.

14 **SECTION 4.** 38.16 (3) (a) 2. of the statutes, as affected by 2013 Wisconsin Act 20,
15 is amended to read:

16 38.16 (3) (a) 2. “Excess levy revenue” means the amount by which a district
17 board’s tax-levy revenue exceeds the limit under this subsection.

18 **SECTION 5.** 38.16 (3) (a) 2w. of the statutes is created to read:

19 38.16 (3) (a) 2w. “Revenue” means the sum of the tax levy and property tax
20 relief aid under sub. (4).

21 **SECTION 6.** 38.16 (3) (b) of the statutes is repealed.

1 **SECTION 7.** 38.16 (3) (be) of the statutes, as created by 2013 Wisconsin Act 20,
2 is amended to read:

3 38.16 (3) (be) Notwithstanding sub. (1), no district board may increase its tax
4 levy revenue in ~~2013~~ the 2014–15 school year or in any school year thereafter by a
5 percentage that exceeds the district’s valuation factor, except as provided in pars.
6 (bg) and (br).

7 **SECTION 8.** 38.16 (3) (bg) 2. of the statutes, as created by 2013 Wisconsin Act
8 20, is amended to read:

9 38.16 (3) (bg) 2. If a district board’s allowable levy revenue under this
10 subsection in ~~2013~~ the 2014–15 school year, or any school year thereafter, is greater
11 than its actual levy revenue in that school year, the limit otherwise applicable to the
12 district board under this subsection in the succeeding school year is increased by the
13 difference between the prior school year’s allowable levy revenue and the prior school
14 year’s actual levy revenue, as determined by the department of revenue, up to a
15 maximum increase of 0.5 percent of the actual levy revenue in that prior school year,
16 if the district board approves the increase by a three–fourths vote.

17 **SECTION 9.** 38.16 (3) (br) 1. of the statutes, as affected by 2013 Wisconsin Act
18 20, is amended to read:

19 38.16 (3) (br) 1. If a district board wishes to exceed the limit otherwise
20 applicable to the district under this subsection, it shall adopt a resolution supporting
21 inclusion in the final district budget of an amount equal to the proposed excess levy
22 revenue. The resolution shall be filed as provided in s. 8.37. Within 10 days after
23 adopting the resolution, the district board shall notify the board of the scheduled date
24 of the referendum and submit a copy of the resolution to the board. The district board
25 shall call a special referendum for the purpose of submitting the resolution to the

1 electors of the district for approval or rejection. In lieu of a special referendum, the
2 district board may specify that the referendum be held at the next succeeding spring
3 primary or election or partisan primary or general election, if such election is to be
4 held not sooner than 70 days after the filing of the resolution of the district board.
5 The district board shall certify the results of the referendum to the board within 10
6 days after the referendum is held.

7 **SECTION 10.** 38.16 (3) (br) 2. of the statutes is amended to read:

8 38.16 (3) (br) 2. The district board shall publish type A, B, C, D, and E notices
9 of the referendum under s. 10.01 (2). Notwithstanding s. 10.01 (2) (a), the type A
10 notice shall include a statement of the amount of the excess levy revenue specified
11 in subd. 1. and a copy of the resolution under subd. 1. Section 5.01 (1) applies in the
12 event of failure to comply with the notice requirements of this subdivision.

13 **SECTION 11.** 38.16 (3) (c) (intro.) of the statutes, as affected by 2013 Wisconsin
14 Act 20, is amended to read:

15 38.16 (3) (c) (intro.) Except as provided in par. (d), if the board determines that
16 a district board ~~imposed an excess levy~~ exceeded its limit under this subsection, the
17 board shall do all of the following:

18 **SECTION 12.** 38.16 (3) (c) 1. of the statutes is amended to read:

19 38.16 (3) (c) 1. Reduce the amount of state aid payments to the district board
20 in the school year in which the district board ~~imposed the excess levy~~ exceeded its
21 limit by an amount equal to the amount of the excess levy revenue.

22 **SECTION 13.** 38.16 (3) (c) 3. of the statutes, as affected by 2013 Wisconsin Act
23 20, is amended to read:

1 38.16 (3) (c) 3. Ensure that the amount of the excess levy revenue is not
2 included in determining the limit under this subsection for the district board for the
3 following year.

4 **SECTION 14.** 38.16 (3) (c) 4. of the statutes is amended to read:

5 38.16 (3) (c) 4. Ensure that, if a district board’s excess levy revenue exceeds the
6 amount of state aid that may be reduced under subd. 1., the excess amount is
7 subtracted from state aid payments in the following years until the total amount of
8 the excess levy revenue is subtracted from the state aid payments.

9 **SECTION 15.** 38.16 (3) (d) of the statutes is amended to read:

10 38.16 (3) (d) The department may issue a finding that a district board is not
11 liable for a penalty that would otherwise be imposed under par. (c) if the department
12 determines that the district board’s excess levy revenue is caused by one of the
13 following clerical errors:

14 1. The department, through mistake or inadvertence, has assessed to any
15 county or taxation district, in the current year or in the previous year, a greater or
16 lesser valuation for any year than should have been assessed, causing the district
17 board’s levy to be erroneous in a way that directly causes an excess levy revenue.

18 2. A taxation district clerk or a county clerk, through mistake or inadvertence
19 in preparing or delivering the tax roll, causes a district board’s levy to be erroneous
20 in a way that directly causes an excess levy revenue.

21 **SECTION 16.** 38.16 (4) of the statutes is created to read:

22 38.16 (4) On February 20, 2015, and annually thereafter on the 3rd Friday in
23 February, the board shall distribute to each district board, from the appropriation
24 under s. 20.292 (1) (dp), the amount determined as follows:

1 (a) For the payment in 2015, divide the district's equalized value as of January
2 1, 2014, by the total equalized value of all districts as of January 1, 2014, and
3 multiply the quotient by \$406,000,000.

4 (b) For the payment in 2016 and annually thereafter, the amount determined
5 under par. (a).

6 **SECTION 17.** 71.05 (6) (b) 47. am. of the statutes, as affected by 2013 Wisconsin
7 Act 20, is amended to read:

8 71.05 (6) (b) 47. am. For taxable years beginning after December 31, 2010, and
9 before January 1, 2014, for 2 consecutive taxable years beginning with the taxable
10 year in which the claimant's business locates to this state from another state or
11 another country and begins doing business in this state, as defined in s. 71.22 (1r),
12 and subject to the limitations provided under subd. 47. d., dm., and e., the profit or
13 loss from a trade or business as reported on federal income tax return schedules C
14 and F or their equivalents, plus ordinary gain or loss on the sale of business assets,
15 as determined under s. 71.01 (6), but not less than zero, multiplied by the
16 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7).

17 **SECTION 18.** 71.05 (6) (b) 47. b. of the statutes, as affected by 2013 Wisconsin
18 Act 20, is amended to read:

19 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
20 companies, for taxable years beginning after December 31, 2010, and before January
21 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
22 partnership's or limited liability company's business locates to this state from
23 another state or another country and begins doing business in this state, as defined
24 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
25 e., the partner's or member's distributive share of taxable income as calculated under

1 section 703 of the Internal Revenue Code; plus the items of income and gain under
2 section 702 of the Internal Revenue Code, including taxable state and municipal
3 bond interest and excluding nontaxable interest income or dividend income from
4 federal government obligations; minus the items of loss and deduction under section
5 ~~756702~~ 702 of the Internal Revenue Code, except items that are not deductible under
6 s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
7 Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL),
8 (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
9 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
10 appropriate, transitional adjustments, depreciation differences, and basis
11 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the
12 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by
13 separate accounting. No amounts subtracted under this subd. 47. b. may be included
14 in the modification under par. (b) 9. or 9m.

15 **SECTION 19.** 71.05 (6) (b) 47. c. of the statutes, as affected by 2013 Wisconsin
16 Act 20, is amended to read:

17 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
18 taxable years beginning after December 31, 2010, and before January 1, 2014, for 2
19 consecutive taxable years beginning with the taxable year in which the tax-option
20 corporation's business locates to this state from another state or another country and
21 begins doing business in this state, as defined in s. 71.22 (1r), and subject to the
22 limitations provided under subd. 47. d., dm., and e., the shareholder's distributive
23 share of the entity's net income or loss as determined under this chapter, including
24 interest income from federal, state, and municipal government obligations,
25 multiplied by the apportionment fraction determined in s. 71.25 (6m) and subject to

1 s. 71.25 (9) or by separate accounting. No amounts subtracted under this subdivision
2 may be included in the modification under par. (b) 9. or 9m.

3 **SECTION 20.** 71.05 (6) (b) 47. dm. of the statutes is created to read:

4 71.05 (6) (b) 47. dm. No person may claim a deduction under this subdivision
5 for taxable years beginning after December 31, 2013, except that a claimant who is
6 first eligible to claim a deduction under this subdivision for a taxable year beginning
7 after December 31, 2012, and before January 1, 2014, may claim the deduction the
8 following taxable year.

9 **SECTION 21.** 71.05 (8) (b) of the statutes, as affected by 2013 Wisconsin Act 20,
10 is renumbered 71.05 (8) (b) 1.

11 **SECTION 22.** 71.05 (8) (b) 2. of the statutes is created to read:

12 71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin
13 modified taxable income of the 2 years preceding the loss, as provided under subd.
14 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years
15 preceding the loss.

16 **SECTION 23.** 71.05 (8) (c) of the statutes is created to read:

17 71.05 (8) (c) The department shall not pay interest on any overpayment that
18 results from the carry-back of a net operating loss.

19 **SECTION 24.** 71.06 (1q) (a) of the statutes, as created by 2013 Wisconsin Act 20,
20 is amended to read:

21 71.06 (1q) (a) On all taxable income from \$0 to \$7,500, 4.40 percent, except that
22 for taxable years beginning after December 31, 2013, 4.0 percent.

23 **SECTION 25.** 71.06 (2) (i) 1. of the statutes, as created by 2013 Wisconsin Act
24 20, is amended to read:

1 71.06 (2) (i) 1. On all taxable income from \$0 to \$10,000, 4.40 percent, except
2 that for taxable years beginning after December 31, 2013, 4.0 percent.

3 **SECTION 26.** 71.06 (2) (j) 1. of the statutes, as created by 2013 Wisconsin Act
4 20, is amended to read:

5 71.06 (2) (j) 1. On all taxable income from \$0 to \$5,000, 4.40 percent, except that
6 for taxable years beginning after December 31, 2013, 4.0 percent.

7 **SECTION 27.** 71.07 (4k) (b) 1. of the statutes, as created by 2013 Wisconsin Act
8 20, is amended to read:

9 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
10 except as provided in subs. 2. and 3., for taxable years beginning after December
11 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
12 corporation, or a member of a limited liability company may claim a credit against
13 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal
14 to 5 percent of the amount obtained by subtracting from the individual's,
15 partnership's, tax-option corporation's, or limited liability company's qualified
16 research expenses, as defined in section 41 of the Internal Revenue Code, except that
17 "qualified research expenses" includes only expenses incurred by the individual,
18 partnership, tax-option corporation, or the limited liability company, incurred for
19 research conducted in this state for the taxable year, except that a taxpayer may elect
20 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
21 and that election applies until the department permits its revocation, except as
22 provided in par. (c), and except that "qualified research expenses" does not include
23 compensation used in computing the credit under subs. (2dj) and (2dx), the entity's
24 base amount, as defined in section 41 (c) of the Internal Revenue Code, except that
25 gross receipts used in calculating the base amount means gross receipts from sales

1 attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk).
2 Section 41 (h) of the Internal Revenue Code does not apply to the credit under this
3 subdivision.

4 **SECTION 28.** 71.07 (5i) (c) 3. of the statutes is created to read:

5 71.07 **(5i)** (c) 3. No credit may be claimed under this subsection based on an
6 amount paid under par. (b) after December 31, 2013.

7 **SECTION 29.** 71.07 (5m) (a) 4. of the statutes is amended to read:

8 71.07 **(5m)** (a) 4. “Net tax liability” means a claimant’s income tax liability after
9 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (d).

10 **SECTION 30.** 71.07 (5n) (b) (intro.) of the statutes is amended to read:

11 71.07 **(5n)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this
12 subsection, a claimant may claim as a credit against the tax imposed under ~~s.~~ ss.
13 71.02 and 71.08, up to the amount of the tax, an amount equal to one of the following
14 percentages of the claimant’s eligible qualified production activities income in the
15 taxable year:

16 **SECTION 31.** 71.07 (9r) (a) of the statutes is amended to read:

17 71.07 **(9r)** (a) For taxable years beginning on or after August 1, 1988, any
18 natural person may credit against taxes otherwise due under s. 71.02 or 71.08 an
19 amount equal to 25% of the costs of preservation or rehabilitation of historic property
20 located in this state, including architectural fees and costs incurred in preparing
21 nomination forms for listing in the national register of historic places in Wisconsin
22 or the state register of historic places, if the nomination is made within 5 years prior
23 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
24 physical work of construction or destruction in preparation for construction begins

1 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000
2 for married persons filing separately, for any preservation or rehabilitation project.

3 **SECTION 32.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act
4 62, is amended to read:

5 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
6 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
7 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
8 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e),
9 (8r), (9e), and (9m), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
10 (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
11 (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other
12 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
13 that natural person, married couple filing jointly, trust or estate, instead of the tax
14 under s. 71.02, an alternative minimum tax computed as follows:

15 **SECTION 33.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Acts
16 62 and (this act), is amended to read:

17 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
18 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
19 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
20 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),
21 (6e), (8r), (9e), ~~and~~ (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
22 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
23 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
24 payments to other states under s. 71.07 (7), is less than the tax under this section,

1 there is imposed on that natural person, married couple filing jointly, trust or estate,
2 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

3 **SECTION 34.** 71.10 (4) (cr) of the statutes is renumbered 71.10 (4) (fn).

4 **SECTION 35.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fp).

5 **SECTION 36.** 71.10 (4) (er) of the statutes, as created by 2013 Wisconsin Act 20,
6 is renumbered 71.10 (4) (fr).

7 **SECTION 36d.** 71.26 (4) (a) of the statutes is amended to read:

8 71.26 (4) (a) Except as provided in par. (b), a corporation, except a tax-option
9 corporation or an insurer to which s. 71.45 (4) applies, may offset against its
10 Wisconsin net business income any Wisconsin net business loss sustained in any of
11 the next ~~15~~ 20 preceding taxable years, if the corporation was subject to taxation
12 under this chapter in the taxable year in which the loss was sustained, to the extent
13 not offset by other items of Wisconsin income in the loss year and by Wisconsin net
14 business income of any year between the loss year and the taxable year for which an
15 offset is claimed. For purposes of this subsection Wisconsin net business income or
16 loss shall consist of all the income attributable to the operation of a trade or business
17 in this state, less the business expenses allowed as deductions in computing net
18 income. The Wisconsin net business income or loss of corporations engaged in
19 business within and without the state shall be determined under s. 71.25 (6) and (10)
20 to (12). Nonapportionable losses having a Wisconsin situs under s. 71.25 (5) (b) shall
21 be included in Wisconsin net business loss; and nonapportionable income having a
22 Wisconsin situs under s. 71.25 (5) (b), whether taxable or exempt, shall be included
23 in other items of Wisconsin income and Wisconsin net business income for purposes
24 of this subsection.

25 **SECTION 37.** 71.28 (5i) (c) 3. of the statutes is created to read:

1 71.28 **(5i)** (c) 3. No credit may be claimed under this subsection based on an
2 amount paid under par. (b) after December 31, 2013.

3 **SECTION 38.** 71.28 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
4 20, is amended to read:

5 71.28 **(9s)** (d) 3. No credit may be claimed under this subsection for taxable
6 years beginning after December 31, 2013.—Credits under this subsection for taxable
7 years that begin before January 1, 2014, may be carried forward to taxable years that
8 begin after December 31, 2013, except that a claimant who is first eligible to claim
9 a credit under this subsection for taxable years beginning after December 31, 2012,
10 and before January 1, 2014, may claim the credit in the following taxable year.

11 **SECTION 38d.** 71.45 (4) (a) of the statutes is amended to read:

12 71.45 **(4)** (a) Except as provided in par. (b), insurers computing tax under this
13 subchapter may subtract from Wisconsin net income any Wisconsin net business loss
14 sustained in any of the next ~~15~~ 20 preceding taxable years to the extent not offset by
15 Wisconsin net business income of any year between the loss year and the taxable year
16 for which an offset is claimed and computed without regard to sub. (2) (a) 8. and 9.
17 and this subsection and limited to the amount of net income, but no loss incurred for
18 a taxable year before taxable year 1987 by a nonprofit service plan of sickness care
19 under ch. 148, or dental care under s. 447.13 may be treated as a net business loss
20 of the successor service insurer under ch. 613 operating by virtue of s. 148.03 or
21 447.13.

22 **SECTION 39.** 71.47 (5i) (c) 3. of the statutes is created to read:

23 71.47 **(5i)** (c) 3. No credit may be claimed under this subsection based on an
24 amount paid under par. (b) after December 31, 2013.

1 **SECTION 40.** 71.47 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
2 20, is amended to read:

3 71.47 **(9s)** (d) 3. No credit may be claimed under this subsection for taxable
4 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
5 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
6 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
7 ~~a credit under this subsection for taxable years beginning after December 31, 2012,~~
8 ~~and before January 1, 2014, may claim the credit in the following taxable year.~~

9 **SECTION 41.** 71.52 (6) of the statutes is amended to read:

10 71.52 **(6)** “Income” means the sum of Wisconsin adjusted gross income and the
11 following amounts, to the extent not included in Wisconsin adjusted gross income:
12 maintenance payments (except foster care maintenance and supplementary
13 payments excludable under section 131 of the internal revenue code), support money,
14 cash public assistance (not including credit granted under this subchapter and
15 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
16 amount of any pension or annuity (including railroad retirement benefits, all
17 payments received under the federal social security act and veterans disability
18 pensions), nontaxable interest received from the federal government or any of its
19 instrumentalities, nontaxable interest received on state or municipal bonds,
20 worker’s compensation, unemployment insurance, the gross amount of “loss of time”
21 insurance, compensation and other cash benefits received from the United States for
22 past or present service in the armed forces, scholarship and fellowship gifts or
23 income, capital gains, gain on the sale of a personal residence excluded under section
24 121 of the internal revenue code, dividends, income of a nonresident or part-year
25 resident who is married to a full-year resident, housing allowances provided to

1 members of the clergy, the amount by which a resident manager’s rent is reduced,
2 nontaxable income of an American Indian, nontaxable income from sources outside
3 this state and nontaxable deferred compensation. Intangible drilling costs,
4 depletion allowances and depreciation, including first-year depreciation allowances
5 under section 179 of the internal revenue code, amortization, contributions to
6 individual retirement accounts under section 219 of the internal revenue code,
7 contributions to Keogh plans, net operating loss carry-backs and carry-forwards
8 and capital loss carry-forwards deducted in determining Wisconsin adjusted gross
9 income shall be added to “income”. “Income” does not include gifts from natural
10 persons, cash reimbursement payments made under title XX of the federal social
11 security act, surplus food or other relief in kind supplied by a governmental agency,
12 the gain on the sale of a personal residence deferred under section 1034 of the
13 internal revenue code or nonrecognized gain from involuntary conversions under
14 section 1033 of the internal revenue code. Amounts not included in adjusted gross
15 income but added to “income” under this subsection in a previous year and repaid
16 may be subtracted from income for the year during which they are repaid.
17 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
18 gross income and that were added to household income for purposes of determining
19 the credit under this subchapter in a previous year may be subtracted from income
20 for the current year in determining the credit under this subchapter. A marital
21 property agreement or unilateral statement under ch. 766 has no effect in computing
22 “income” for a person whose homestead is not the same as the homestead of that
23 person’s spouse.

24 **SECTION 41d.** 71.98 (3) of the statutes, as created by 2013 Wisconsin Act 20,
25 is amended to read:

1 71.98 (3) DEPRECIATION, DEPLETION, AND AMORTIZATION. For taxable years
2 beginning after December 31, 2013, and for purposes of computing depreciation,
3 ~~depletion, and amortization, the Internal Revenue Code means the federal Internal~~
4 Revenue Code in effect on January 1, 2014. For taxable years beginning after
5 December 31, 2013, and for purposes of computing depletion, the Internal Revenue
6 code means the federal Internal Revenue code in effect for the year in which the
7 property is placed in service.

8 **SECTION 42.** 77.54 (61) (intro.), (a) and (b) of the statutes, as created by 2013
9 Wisconsin Act 20, are amended to read:

10 77.54 (61) (intro.) The sales price from the sale of and the storage, use, or other
11 consumption of the following by a person primarily engaged, as determined by the
12 department, in commercial printing, not including screen printing or book printing,
13 without publishing, except for gray goods; printing, or printing and binding, books
14 or pamphlets without publishing the books or pamphlets; or performing prepress
15 and postpress services in support of printing activities book printing, or support
16 activities for printing described under 323111, 323117, and 323120 of the North
17 American Industry Classification System:

18 (a) Computers and servers that are used primarily to store copies of the product
19 that are sent to a digital printer, a platemaking machine, or a printing press or used
20 primarily in prepress or postpress activities.

21 (b) Tangible personal property purchased from out-of-state sellers that are
22 temporarily stored, remain idle, and not used in this state ~~for not more than 180 days~~
23 and that are then delivered and used solely outside of this state.

24 **SECTION 43.** 77.54 (61) (c) of the statutes is created to read:

25 77.54 (61) (c) In this subsection:

1 1. “Postpress activities” include paper bronzing, die-cutting, edging,
2 embossing, folding, gilding, gluing, and indexing.

3 2. “Prepress activities” include making print-ready plates, typesetting, trade
4 binding, and sample mounting.

5 3. “Temporarily” means not more than 180 days.

6 **SECTION 44.** 238.16 (3) (intro.) of the statutes, as affected by 2013 Wisconsin
7 Act 20, is amended to read:

8 238.16 (3) ELIGIBILITY FOR TAX BENEFITS. (intro.) A person certified under sub.
9 (2) may receive tax benefits under this section if, in each year for which the person
10 claims tax benefits under this section, the person increases net employment in this
11 state in the person’s business above the net employment in this state in the person’s
12 business during the year before the person was certified under sub. (2), as
13 determined by the corporation under its policies and procedures, and one of the
14 following applies:

15 **SECTION 44m.** 2013 Wisconsin Act 20, section 9252 (1) (a) (intro.) is amended
16 to read:

17 [2013 Wisconsin Act 20] Section 9252 (1) (a) (intro.) Notwithstanding 2011
18 Wisconsin Act 32, section 9255 (1) (c) and (d), the secretary shall not lapse any money
19 from the agencies specified in those paragraphs during the 2013–15 fiscal biennium,
20 but shall instead lapse to the general fund from the unencumbered balances of
21 general purpose revenue and program revenue appropriations to the following
22 executive branch state agencies, other than sum sufficient appropriations and
23 appropriations of federal revenues, the following amounts in each ~~fiscal year~~ of the
24 2013–15 fiscal biennium the 2013–14, 2014–15, and 2015–16 fiscal years:

25 **SECTION 9143. Nonstatutory provisions; Technical College System.**

1 (1) AID NOTIFICATION. By October 15, 2014, the state technical college system
2 board shall notify each technical college district board of the amount of aid it will
3 receive under section 38.16 (4) of the statutes, as created by this act, on February 20,
4 2015.

5 **SECTION 9201. Fiscal changes; Administration.**

6 (1m) TRANSFERS TO THE BUDGET STABILIZATION FUND. Notwithstanding section
7 16.518 (3) of the statutes, no amounts shall be transferred from the general fund to
8 the budget stabilization fund during the 2013–15 fiscal biennium.

9 **SECTION 9337. Initial applicability; Revenue.**

10 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
11 and (c) of the statutes first applies retroactively to sales made on October 1, 2013.

12 (2) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
13 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (as it relates to the state historic
14 rehabilitation credit and the research credit), and 71.10 (4) (dr) and (er) of the
15 statutes first applies to taxable years beginning on January 1, 2014.

16 (3) CARRY-BACKS.

17 (a) The renumbering of section 71.05 (8) (b) of the statutes and the creation of
18 section 71.05 (8) (b) 2. of the statutes first apply to taxable years beginning on
19 January 1, 2014.

20 (am) The treatment of section 71.52 (6) of the statutes first applies retroactively
21 to taxable years beginning on January 1, 2012.

22 (4) OVERPAYMENTS. The treatment of section 71.05 (8) (c) of the statutes first
23 applies to refunds paid on January 1, 2014.

24 (5) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
25 (5n) (b) (intro.), 71.08 (1) (intro.) (as it relates to the manufacturing and agriculture

1 credit), and 71.10 (4) (cr) of the statutes first applies retroactively to taxable years
2 beginning on January 1, 2013.

3 (5m) NET OPERATING LOSSES; DEPLETION. The treatment of sections 71.26 (4) (a),
4 71.45 (4) (a), and 71.98 (3) of the statutes first applies to taxable years beginning on
5 January 1, 2014.

6 **SECTION 9400. Effective dates; general.** Except as otherwise provided in
7 SECTIONS 9401 to 9452 of this act, this act takes effect on the day after publication.

8 **SECTION 9437. Effective dates; Revenue.**

9 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
10 and (c) of the statutes takes effect retroactively to October 1, 2013.

11 (2) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
12 (5n) (b) (intro.), 71.08 (1) (intro.) (by SECTION 32), and 71.10 (4) (cr) of the statutes
13 takes effect retroactively on January 1, 2013.

14 (3) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
15 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (by SECTION 33), and 71.10 (4) (dr) and
16 (er) of the statutes takes effect on January 1, 2014.

17 (3d) CARRY-BACKS. The treatment of section 71.52 (6) of the statutes takes effect
18 retroactively to January 1, 2012.

19 (END)